



## INFORMATIONAL MEMORANDUM

TO: **Mayor Ekberg  
Finance and Safety Committee**

FROM: **Peggy McCarthy, Finance Director**

BY: **Lily Jue, Fiscal Coordinator**

DATE: **January 20, 2016**

SUBJECT: **Sales Tax and Miscellaneous Revenue Report – 3<sup>rd</sup> Quarter 2015**

Schedule I - Sales Tax

in \$1,000's

YEAR OVER YEAR COMPARISON													
		2014 Actual			2015 Actual			YOY Change					
-- Month --		Construc- tion	Other Industries	Total	Construc- tion	Other Industries	Total	Construction		Other Industries		Total	
Collect- ed	Rec'd							Amount	%	Amount	%	Amount	%
Jan	Mar	\$ 57	\$ 1,049	\$ 1,106	\$ 85	\$ 1,195	\$ 1,280	\$ 28	49%	\$ 146	14%	\$ 174	16%
Feb	Apr	34	1,047	1,081	86	1,227	1,313	52	153%	180	17%	232	21%
Mar	May	56	1,265	1,321	99	1,362	1,461	43	78%	97	8%	140	11%
Q-1 Totals		\$ 147	3,361	\$ 3,508	\$ 270	3,784	\$ 4,054	\$ 123	84%	423	13%	\$ 546	16%
Apr	Jun	57	1,135	1,192	109	1,210	1,319	52	91%	75	7%	127	11%
May	Jul	53	1,201	1,254	91	1,453	1,544	38	72%	252	21%	290	23%
Jun	Aug	75	1,303	1,378	141	1,621	1,762	66	88%	318	24%	384	28%
Q-2 Totals		\$ 185	3,639	\$ 3,824	\$ 341	4,285	\$ 4,626	\$ 156	84%	646	18%	\$ 802	21%
Jul	Sep	80	1,315	1,395	95	1,653	1,748	15	19%	338	26%	353	25%
Aug	Oct	87	1,301	1,388	133	1,463	1,596	46	52%	162	12%	208	15%
Sep	Nov	91	1,340	1,431	124	1,448	1,572	33	37%	108	8%	141	10%
Q-3 Totals		\$ 258	3,956	\$ 4,214	\$ 352	4,564	\$ 4,916	\$ 94	37%	608	15%	\$ 702	17%
Oct	Dec	64	1,319	1,383	-	-	-	-	-	-	-	-	-
Nov	Jan	87	1,396	1,483	-	-	-	-	-	-	-	-	-
Dec	Feb	78	1,857	1,935	-	-	-	-	-	-	-	-	-
Q-4 Totals		\$ 229	4,572	\$ 4,801	\$ -	-	\$ -	\$ -	-	-	-	\$ -	-
Totals		\$ 819	15,528	\$ 16,347	\$ 964	12,632	\$ 13,596	\$ 374	-	1,676	-	\$ 2,050	-

Third quarter sales tax collections through September were \$702K more than the same quarter in the previous year, resulting in a 17% increase. There was an increase in construction sales tax of \$94K over the same quarter last year, or up by 37% as well as an increase in sales tax from other industries of \$608K which resulted in a rise of 15%.



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Budget to Actual – Sales Tax in \$1,000's

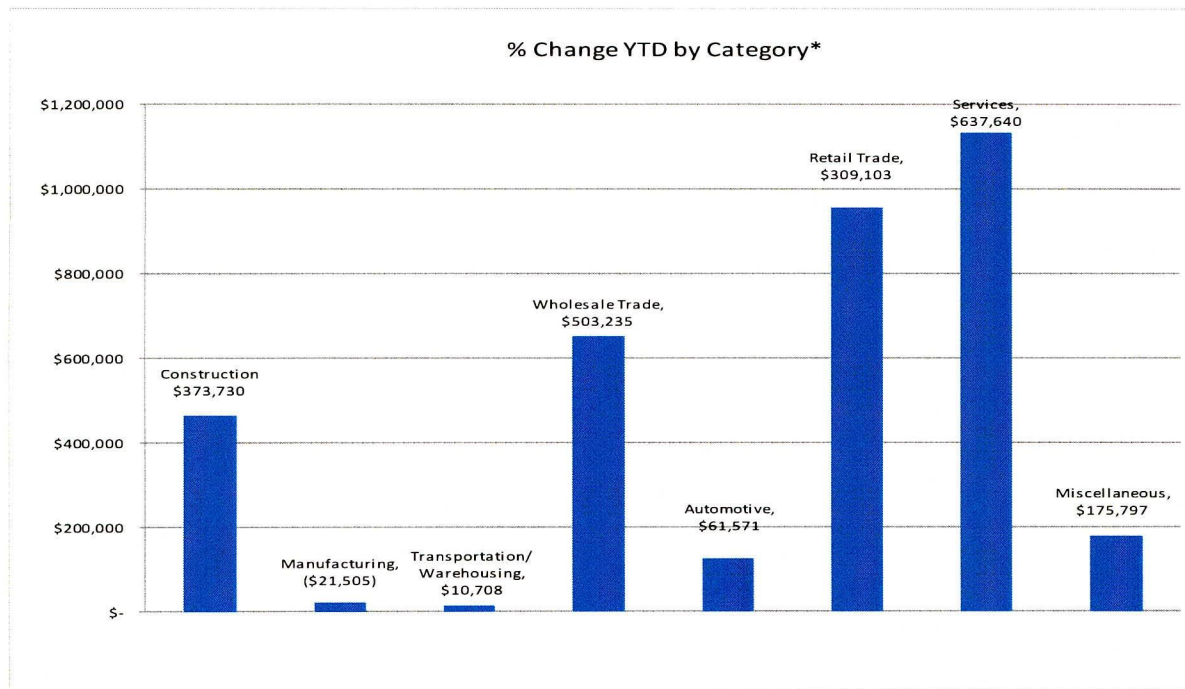
## Schedule I - Sales Tax

BUDGET TO ACTUAL									
		2014	2015						
-- Month --				August	November		Variance [Actual Over (Under) Amended Budget]		
Collect-	Rec'd		Original	Amended	Amended	Actual			
ed		Actual	Budget	Budget	Budget		Amt	%	
Jan	Mar	\$ 1,106	\$ 1,107	\$ 1,136	\$ 1,251	\$ 1,280	\$ 29	2%	
Feb	Apr	1,081	1,082	1,110	1,223	1,313	90	7%	
Mar	May	1,321	1,322	1,357	1,494	1,462	(32)	-2%	
Q-1 Totals		\$ 3,508	\$ 3,512	\$ 3,602	\$ 3,967	\$ 4,054	\$ 87	2%	
Apr	Jun	1,192	1,193	1,224	1,348	1,319	(29)	-2%	
May	Jul	1,254	1,255	1,288	1,418	1,544	126	9%	
Jun	Aug	1,378	1,380	1,385	1,558	1,762	204	13%	
Q-2 Totals		\$ 3,824	\$ 3,828	\$ 3,897	\$ 4,325	\$ 4,626	\$ 301	7%	
Jul	Sep	1,395	1,397	1,433	1,578	1,748	170	11%	
Aug	Oct	1,388	1,390	1,425	1,570	1,596	26	2%	
Sep	Nov	1,431	1,433	1,470	1,618	1,573	(45)	-3%	
Q-3 Totals		\$ 4,214	\$ 4,219	\$ 4,327	\$ 4,766	\$ 4,917	\$ 151	3%	
Oct	Dec	1,383	1,385	1,420	1,564	-	-	-	
Nov	Jan	1,483	1,485	1,523	1,677	-	-	-	
Dec	Feb	1,935	1,937	1,987	2,188	-	-	-	
Q-4 Totals		\$ 4,801	\$ 4,806	\$ 4,930	\$ 5,430	\$ -	\$ -	-	
Totals		\$ 16,347	\$ 16,365	\$ 16,787	\$ 18,487	\$ 13,597	\$ 540	-	

Actual revenue from sales tax collections received during the third quarter experienced an increase of \$151K or 3% above the current amended budget, and a cumulative increase of \$540K.



Below is a graph of sales tax collections by type of industry showing overall change between the first three quarters of 2014 revenue receipts through third quarter in 2015.



The overall construction increase shown above is primarily due to the Construction of Buildings category. Decrease in manufacturing is partially due to the Transportation Equipment Manufacturing category, which shows a decline in gross sales activity.

The overall significant increase in the "Wholesale Trade" category is attributable to the NAICS category 423, "Wholesale Trade in Durable Goods". The increase in the "Retail Trade" category is due to increased sales activity in the areas of Electronics & Appliances of \$70K, Building Material & Garden of \$67K, Clothing & Accessories of \$115K and General Merchandise Stores of \$57K.

Of the \$637K rise in the "Services" category, there were combined increases totaling \$643K in the areas of: Information, Real Estate/Rental/Leasing, Professional/Scientific/Technology, Health Care/Social Assistance, Arts & Entertainment and Accommodation & Food Services.

The miscellaneous category include activities from agriculture, forestry, fishing and mining/utilities with "Unclassifiable Establishments" showing the most increase of \$225K.





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Schedule II shows the year-to-date sales tax from the top ten industry classifications. Wholesale Trade, Durable Goods in the NAICS 423 category continues to have the highest year over year increase at \$497,842 due to growth in overall gross sales. This is followed by an increase of \$354,936 in the category of Construction of Buildings. This increase is partially attributable to several construction companies reporting year-to-date sales tax revenue that previously did not have any activity reported in the same period from the previous year as well as an increase in sales activity.

## Schedule II

Group	Name	YTD Current	YTD Prior	Dollar Diff.	% Diff.
452	General Merchandise Stores	\$ 1,566,907.79	\$ 1,510,027.19	\$ 56,881	3.77%
448	Clothing and Accessories	\$ 1,529,471.33	\$ 1,414,440.27	\$ 115,031	8.13%
423	Wholesale Trade, Durable Goods	\$ 1,385,518.48	\$ 887,676.53	\$ 497,842	56.08%
722	Food Services, Drinking Places	\$ 1,271,369.58	\$ 1,179,090.04	\$ 92,280	7.83%
443	Electronics and Appliances	\$ 716,514.73	\$ 646,277.98	\$ 70,237	10.87%
236	Construction of Buildings	\$ 643,970.16	\$ 289,034.07	\$ 354,936	122.80%
441	Motor Vehicle and Parts Dealer	\$ 545,206.55	\$ 485,857.32	\$ 59,349	12.22%
444	Building Material and Garden	\$ 524,684.66	\$ 457,637.71	\$ 67,047	14.65%
721	Accommodation	\$ 495,737.51	\$ 443,902.43	\$ 51,835	11.68%
517	Telecommunications	\$ 478,230.68	\$ 354,626.50	\$ 123,604	34.85%

Schedule III shows the ten largest declines in sales tax revenue for industries with over \$10,000 collected year-to-date. While the NAICS category for Miscellaneous Store Retailers experienced a year-to-date decrease in sales tax collections of \$82K, the NAICS 611 Educational Services category had a 46% decrease in sales activity over the previous year.

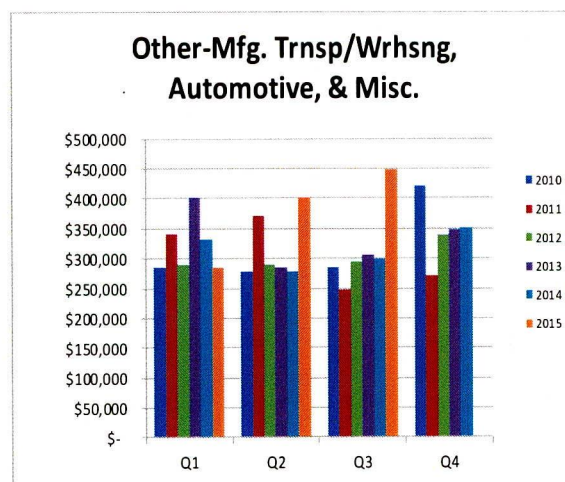
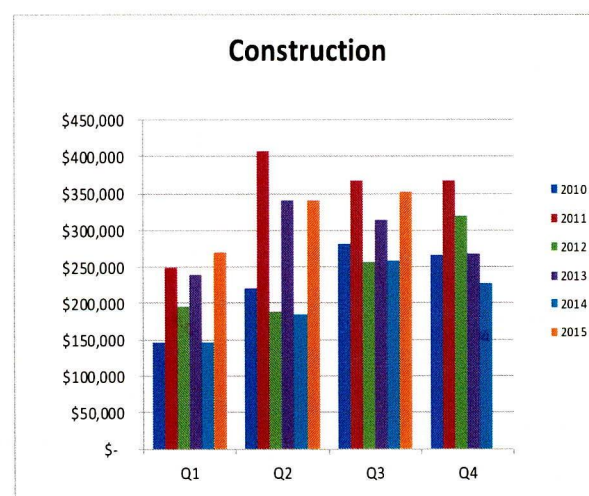
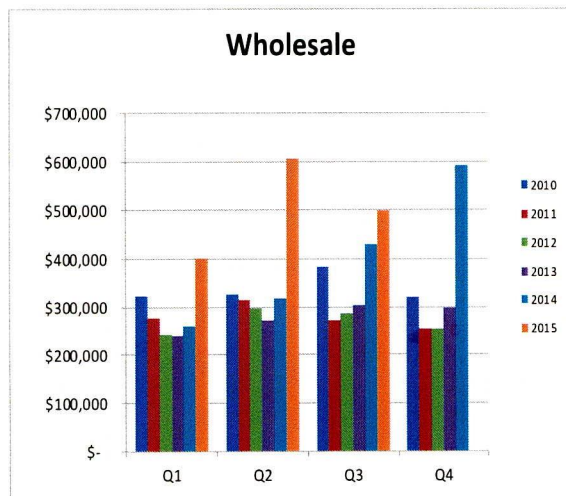
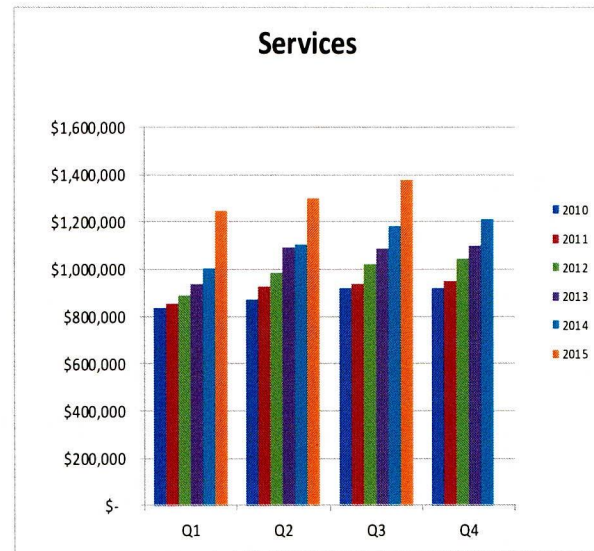
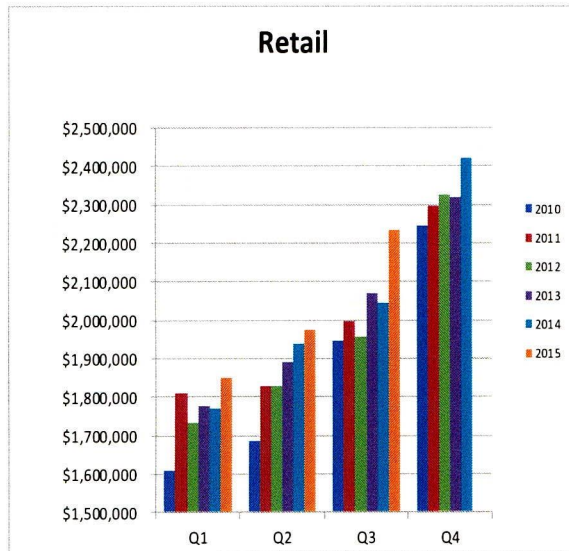
## Schedule III

Group	Name	YTD Current	YTD Prior	Dollar Diff.	% Diff.
453	Miscellaneous Store Retailers	\$ 457,486.04	\$ 539,252.19	\$ (81,766)	-15.16%
531	Real Estate	\$ 22,227.30	\$ 40,213.06	\$ (17,986)	-44.73%
611	Educational Services	\$ 20,759.18	\$ 38,647.52	\$ (17,888)	-46.29%
238	Specialty Trade Contractors	\$ 246,394.17	\$ 262,554.84	\$ (16,161)	-6.16%
336	Transportation Equipment Man	\$ 91,886.39	\$ 108,004.54	\$ (16,118)	-14.92%
442	Furniture and Home Furnishings	\$ 318,377.69	\$ 331,969.54	\$ (13,592)	-4.09%
511	Publishing Industries	\$ 50,508.40	\$ 58,570.65	\$ (8,062)	-13.77%
518	Internet Service Providers	\$ 21,951.73	\$ 27,865.91	\$ (5,914)	-21.22%
522	Credit Intermediation	\$ 55,074.54	\$ 59,227.78	\$ (4,153)	-7.01%
339	Miscellaneous Manufacturing	\$ 11,523.80	\$ 14,524.00	\$ (3,000)	-20.66%





The following charts show sales tax receipts the City collected from major industries between 2010 through the current year. These categories include retail, services, wholesale, construction, and other consisting of manufacturing, transportation & warehousing, automotive, and miscellaneous.





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Below is Schedule IV which shows quarterly gambling tax earned for the prior year compared to the current year.

## Schedule IV - Gambling Tax <sup>(a)</sup>

Quarter Earned	2014 Actual	(c) 2015 Actual	2015 Prorated Budget	INCREASE (DECREASE)			
				YEAR OVER YEAR		BUDGET VARIANCE	
				Amount	%	Amount	%
Q1	\$ 678,358	\$ 698,773	\$ 615,337	\$ 20,415	3%	\$ 83,436	14%
Q2	666,716	679,484	604,777	12,768	2%	74,707	12%
Q3	678,302	677,923	615,286	(379)	0%	62,637	10%
Q4	698,517	-	633,623	-	-	-	-
<b>Totals</b>	<b>\$ 2,721,893</b>	<b>\$ 2,056,180</b>	<b>\$ 2,469,024</b>	<b>\$ 32,803</b>	<b>-</b>	<b>\$ 220,780</b>	<b>-</b>

Gambling taxes for the 3rd quarter ended September 30<sup>th</sup>, are at targeted levels compared with 2014 and \$62K or 10% over 2015 budget. Casinos within the City continue to do well.

Schedule V shows monthly admissions tax receipts for the prior year and current year to date.

## Schedule V - Admissions Tax <sup>(b)</sup>

Quarter Earned	2014 Actual	(c) 2015 Actual	2015 Prorated Budget	INCREASE (DECREASE)			
				YEAR OVER YEAR		BUDGET VARIANCE	
				Amount	%	Amount	%
Q1	\$ 135,045	\$ 129,245	\$ 160,000	\$ (5,800)	-4%	\$ (30,755)	-19%
Q2	149,487	171,745	160,000	22,258	15%	11,745	7%
Q3	135,919	159,808	160,000	23,889	18%	(192)	0%
<b>YTD</b>	<b>420,451</b>	<b>460,798</b>	<b>480,000</b>	<b>40,347</b>	<b>10%</b>	<b>(19,202)</b>	<b>-4%</b>
Q4	139,163	-	160,000	-	-	-	-
<b>Totals</b>	<b>\$ 559,614</b>	<b>\$ 460,798</b>	<b>\$ 640,000</b>	<b>\$ 40,347</b>	<b>-</b>	<b>\$ (19,202)</b>	<b>-</b>

Admissions tax receipts are 18% above as indicated for the current third quarter total. Year-to-date collections are at the anticipated receipt levels. Compared to budget, this is a decrease of \$19,202.00, or 4% lower than the prorated budget year-to-date.

(a) Gambling tax currently includes card games, punch boards, pull tabs, and amusement games.

(b) Excludes golf course admissions tax.

(c) Actuals reflected in Schedules IV and V are amounts *earned* through second quarter 2015.